



# THE REAL ECONOMIC SUPPORT THAT ACKNOWLEDGES UNIQUE RESTAURANT ASSISTANCE NEEDED TO SURVIVE (RESTAURANTS) ACT OF 2020

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## A GATHERING PLACE FOR COMMUNITY

There is perhaps nothing more central to communities large and small than their local restaurants. It is impossible to separate a community's character from its cuisine – from New Orleans and Portland to New York City and Los Angeles, restaurants make a place unique.

Whether it's food carts or a Michelin-starred institution, restaurants provide a space where people from different backgrounds, races, ethnicities, and socioeconomic status can come together in an increasingly divided world. They are places where families and friends celebrate or reconnect and where someone can have "the usual" or explore the world's flavors without leaving their neighborhood. Restaurants play host to everything from first dates to proposals and many of life's important memories. The local restaurant industry supports Top Chef Masters, first jobs, and parents working double-shifts to give their children a brighter future. Restaurants are the beating heart of a community but the COVID-19 pandemic is putting their survival in jeopardy.

## ECONOMIC VALUE OF RESTAURANTS

Since the COVID-19 pandemic upended American life in mid-March, the vast majority of independent, local restaurants have closed their doors, laid off most of their employees, and are now wondering what they will look like after the pandemic, if they can even reopen at all. While independent restaurants employ more than 11 million people, it isn't just restaurants and their employees that are hurt by the pandemic. The food supply chain touches every corner of the country and every congressional district. From farm workers and fishermen to truck drivers and restaurant workers, the restaurant industry provides a \$1 trillion annual boost to the United States' economy, to say nothing of supporting tens of millions of individuals' and families' livelihoods.

Unlike any other industry, restaurants have been uniquely devastated by COVID-19. Social distancing measures and stay-at-home orders have drastically reduced demand, so much so that the restaurant sector is now the top contributor to unemployment rolls across America. In April alone, 5.5 million restaurant workers lost their jobs, accounting for 27% of total job losses in the month. Today, four in ten restaurants are closed and the remaining open restaurants are grappling with revenues that have been decimated and will remain so until COVID-19 is eradicated.

Recent surveys found that COVID-19 has forced operators to lay off 91% of the hourly workforce and 70% of salaried employees. Only one in five restaurant owners subjected to state-mandated dine-in shutdowns said they felt confident they could keep their restaurants running. The National Bureau of Economic Research predicts that only 15% of restaurants will be able to stay open if the COVID-19 pandemic lasts six months. All of this in an industry that already runs on extremely thin margins.

Previous efforts to help small businesses such as the Paycheck Protection Program are too restrictive for restaurants and do not address their specific challenges. The simple fact is that restaurants and their employees need direct assistance to get through the end of the year, and they need it now.

### **THE SOLUTION – THE REAL ECONOMIC SUPPORT THAT ACKNOWLEDGES UNIQUE RESTAURANT ASSISTANCE NEEDED TO SURVIVE (RESTAURANTS) ACT OF 2020**

Congressman Earl Blumenauer (OR-03) will soon introduce the RESTAURANTS Act of 2020, legislation to create a new \$120 billion grant program to provide structured relief to restaurants through 2020.

- The program will be administered by the Department of the Treasury and available to food service or drinking establishments that are not publicly traded or part of a chain with 20 or more locations doing business under the same name;
- Grant values will cover the difference between revenues from 2019 and projected revenues through 2020, with a maximum grant of \$10 million;
- Paycheck Protection Program or Economic Injury Disaster Loan funding recipients must subtract funds spent from the maximum Restaurant Stabilization Grant value;
- Restaurant Stabilization Grants do not need to be paid back and funding is made available through 2020;
- Eligible expenses include: payroll (not including employee compensation exceeding \$100,000/year), benefits, mortgage, rent, utilities, maintenance, supplies (including protective equipment and cleaning materials), food, debt obligations to suppliers, and any other expenses deemed essential by the Secretary of the Treasury;
- Recipients must certify that current economic conditions make the grant request necessary, that the funds will be used retain workers and maintain payroll or make other payments (as specified above), and that the recipient is only applying for and would only receive one grant;
- If a restaurant closes before the end of 2020, unspent funds must be returned. If the grant award exceeds the actual end-of-year revenues the grant is converted to a loan with a 10-year term at 1% interest;
- The first 14 days of funds will only be made available to restaurants with annual revenues of \$1.5 million or less to target local small restaurants, particularly those that are owned or operated by women or people of color; and
- The Restaurant Stabilization Act provides \$300 million to administer the program – \$60 million of which is set-aside for outreach to traditionally marginalized and underrepresented communities.

## **TIME TO ACT**

Over the past two months, Congress has mustered the political will to pass more than \$3 trillion of relief to most sectors of the economy – the House of Representatives just passed an additional \$3 trillion of relief. There were broad-based programs for direct individual assistance, small business loans, and tax relief for businesses large and small. Likewise, there was targeted relief for industries that were hard-hit by the effects of COVID-19. Yet in every piece of legislation, restaurants have been ignored at the peril of the very communities they serve. We can't afford not to act. Nothing less than millions of livelihoods, hundreds of thousands of businesses, and the fabric of our communities is at stake.